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Washington, Thursday, December 1, 1938

The President

CLOSED AREA UNDER THE MIGRATORY BIRD TREATY ACT, TEXAS

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS the Secretary of Agriculture has submitted to me for approval the following regulation adopted by him on October 26, 1938, under authority of the Migratory Bird Treaty Act of July 3, 1918 (40 Stat. 755):

Regulation Designating as Closed Area Certain Lands and Waters Within, Adjacent to, or in the Vicinity of the Aransas Migratory Waterfowl Refuge, Texas

By virtue of and pursuant to the authority vested in me by section 3 of the Migratory Bird Treaty Act of July 3, 1918 (40 Stat. 755, U. S. C., title 16, sec. 704), and in conformity with Regulation 4 of the Migratory Bird Treaty Act Regulations,[1] I, H. A. Wallace, Secretary of Agriculture, do hereby designate as closed area in or on which hunting, taking, capturing, or killing, or attempting to hunt, take, capture, or kill, migratory birds is hereby phohibited, all areas of land and water in Aransas and Refugio Counties, Texas, not now owned or controlled by the United States within the following-described exterior boundary:

Begining at a point at the head of St. Charles Bay, on the right or west bank and at the mouth of Twin (Willow) Creek, said point being marked with a U. S. Biological Survey standard concrete post;

Thence from said initial point, upstream with the right or west bank meanders of Twin (Willow) Creek,

N. 43°17′ E., 1.83 chains;
S. 74°32′ E., 2.617 chains;
N. 45°43′ E., 1.912 chains;
N. 16°19′ E., 1.87 chains;
N. 14°22′ W., 1.862 chains;
N. 58°08′ W., 1.173 chains;
N. 84°14′ W., 2.575 chains;
N. 44°57′ W., 7.37 chains;
N. 70°27′ W., 1.20 chains;
S. 62°12′ W., 2.677 chains;
N. 33°51′ W., 5.52 chains;
N. 77°14′ W., 1.836 chains;
N. 39°29′ W., 5.76 chains;
N. 00°54′ W., 3.53 chains;
N. 87°02′ E., 0.985 chain;
S. 35°29′ E., 2.00 chains;
N. 00°38′ E., 1.008 chains;
N. 36°14′ W., 3.06 chains;
N. 24°36′ E., 1.86 chains;
N. 18°53′ W., 0.936 chain;
N. 35°41′ W., 4.38 chains;
N., 37°44′ E., 1.11 chains;
N. 2°38′ W., 2.926 chains;
N. 18°18′ W., 8.00 chains;
N. 41°06′ W., 2.18 chains;
N. 34°39′ E., 1.826 chains;
N. 50°50′ W., 1.571 chains;
N. 61°49′ W., 2.27 chains;
N. 75°49′ W., 4.46 chains;
N. 43°07′ W., 2.29 chains;
N. 8°38′ E., 1.827 chains;
N. 64°34′ W., 1.06 chains;
N. 22°12′ E., 1.60 chains;
N. 45°00′ E., 1.909 chains;
N. 13°38′ W., 2.358 chains;
N. 56°10′ E., 1.68 chains;
N. 1°51′ W., 1.486 chains;
N. 29°33′ W., 4.48 chains;
N. 3°22′ W., 3.34 chains;
S. 66°21′ W., 4.16 chains;
S. 82°56′ W., 0.869 chain;
N. 71°13′ W., 1.38 chains;
N. 36°25′ W., 1.44 chains;
N. 21°29′ W., 2.509 chains;
N. 1°35′ W., 3.30 chains;
N. 33°19′ W., 1.882 chains;
N. 61°43′ W., 4.43 chains;

Thence crossing Twin (Wiliow) Creek and Blackjack Peninsula,

N. 13°39′ E., 48.90 chains;
N. 18°06′ E., 42.81 chains;
N. 12°13′ E., 2.271 chains;
N. 00°49′ E., 80.08 chains;
N. 89°12′ E., 94.53 chains;
N. 00°43′ W., 39.85 chains;
N. 89°11′ E., 119.08 chains;
N. 00°51′ W., 80.04 chains;
N. 89°15′ E., 120.03 chains;
N 00°44′ W., 61.58 chains;

[1] 2 F. R. 1356 (1617 DI).

CONTENTS

FEDERAL REGISTER

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N. 89°07′ E., 76.70 chains;
S. 1°30′ E., 40.44 chains;
S. 89°28′ E., 40.27 chains;
South, 0.352 chain;
East, 0.188 chain;
S. 00°28′ E., 6.85 chains;
N. 89°31′ E., 163.06 chains to a point on Webb Point on the west shore of San Antonio Bay;

Thence along the west shore of San Antonio Bay with the meanders thereof,

S. 38°51′ W., 5.73 chains;
S. 30°40′ W., 5.67 chains;
S. 5°42′ W., 5.60 chains;
S. 31°18′ W., 5.95 chains;
S. 39°07′ W., 4.64 chains;
S. 19°40′ W., 5.74 chains;
S. 42°44′ W., 6.71 chains;
S. 40°02′ W., 9.52 chains;
S. 14°01′ W., 4.23 chains;
S. 65°20′ W., 4.00 chains;
S. 11°39′ E., 4.59 chains;
S. 76°20′ W., 6.36 chains;
S. 67°47′ W., 7.83 chains;
S. 43°51′ W., 15.16 chains;
S. 47°53′ W., 13.18 chains;
S. 47°30′ W., 10.81 chains;
S. 28°11′ W., 5.55 chains;
S. 37°42′ W., 5.13 chains;
S. 16°56′ W., 12.63 chains;
S. 2°47′ W., 14.58 chains;
S. 16°55′ E., 14.76 chains;
S. 28°24′ E., 16.62 chains;
S. 36°14′ E., 11.25 chains;
S. 42°05′ E., 6.92 chains;
S. 52°45′ E., 8.55 chains;
S. 44°24′ E., 9.89 chains;
S. 66°50′ E., 4.57 chains;
S. 54°11′ E., 6.60 chains;
S. 45°29′ E., 15.20 chains to a point on Dagger Point;
S. 5°05′ W., 6.39 chains;
S. 5°34′ E., 6.93 chains;
S. 11°30′ W., 8.95 chains;
S. 15°32′ E., 12.38 chains;
S. 19°12′ E., 25.44 chains;
S. 37°09′ E., 25.00 chains;
S. 44°20′ E., 14.97 chains;
S. 27°44′ E., 5.47 chains;
S. 44°21′ E., 11.71 chains;
S. 20°07′ E., 8.83 chains;
S. 6°42′ E., 16.41 chains;
S. 13°46′ E., 6.26 chains;
S. 8°05′ E., 9.05 chains to a point at the mouth of Mustang Lake;

Thence crossing the inlet to Mustang Lake and continuing with the west shore meanders of San Antonio Bay,

S. 15°08′ E., 12.69 chains;
S. 10°17′ E., 9.81 chains;
S. 8°28′ W., 6.21 chains;
S. 44°58′ W., 4.50 chains;
S. 12°50′ E., 17.98 chains;
S. 12°21′ E., 7.29 chains;
S. 37°15′ E., 3.39 chains;
S. 21°38′ W., 8.43 chains;
S. 6°04′ E., 10.52 chains;
S. 10°25′ W., 5.72 chains;
S. 8°50′ E., 9.86 chains to a point on False Live Oak Point;
S. 11°59′ W., 9.32 chains;
S. 16°54′ W., 8.99 chains;
S. 25°51′ W., 10.10 chains;
S. 38°22′ W., 10.48 chains to a point;

Thence in San Antonio Bay and Ayres Bay,

S. 46°16′ W., 303.60 chains to a point on north shore of Ayres Bay;

Thence along the north shore of Ayres Bay,

S. 58°16′ W., 7.77 chains to a point;

Thence in Mullet Bay,

S. 68° W., 60.00 chains (approximately);
S. 46° W., 98.00 chains (approximately), to the southeasternmost point on Bludworth Island;

Thence in Back Bay,

S. 36° W., 165.00 chains (approximately), to a point on Cedar Point and the southerly right-of-way boundary of the Old Intracoastal Canal;

Thence with the southerly right-of-way boundary of the Old Intracoastal Canal,

Southwesterly to the angle point of said canal which is south of Dunham Island;

Thence leaving said canal, in Aransas Bay,

West, approximately 275.00 chains to a point due south of Blackjack Point;
North, approximately 51.00 chains to a point on Blackjack Point;

Thence crossing East Pocket,

N. 10°09′ E., 31.79 chains to a point on Bird Point;

Thence in St. Charles Bay,

N. 10° E., 205.00 chains (approximately), to a point opposite Egg Point;
N. 30° E., 180.00 chains (approximately), to a point opposite Big Sharp Point;
N. 25° W., 130.00 chains (approximately), to a point opposite Meile Dietrich Point;
N. 30° E., 330.00 chains (approximately), to the place of beginning.

The bearings in the above description are referred to the true meridian as determined by solar observations made in surveys by the Bureau of Biological Survey in 1937.

AND WHEREAS upon consideration it appears that the foregoing regulation will tend to effectuate the purposes of the aforesaid Migratory Bird Treaty Act of July 3, 1918;

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, under and by virtue of the authority vested in me by the aforesaid Migratory Bird Treaty Act of July 3, 1918, do hereby approve and proclaim the foregoing regulation of the Secretary of Agriculture.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the United States of America to be affixed.

DONE at the City of Washington this 26'' day of November in the year of our Lord nineteen hundred and thirty-eight, and of the Independence of the United States of America the one hundred and sixty-third.

[SEAL]

FRANKLIN D ROOSEVELT

By the President,

SUMNER WELLES
Acting Secretary of State.

[No. 2314]

[F. R. Doc. 38-3587; Filed, November 30, 1938; 10:53 a. m.]

APPLICATION OF DUTIES PROCLAIMED IN CERTAIN TRADE AGREEMENTS TO ARTICLES THE GROWTH, ETC., OF CERTAIN FOREIGN COUNTRIES

THE WHITE HOUSE.
Washington, November 25, 1938

The Honorable HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

MY DEAR MR. SECRETARY: Pursuant to the authority conferred upon me by the Act to amend the Tariff Act of 1930, approved June 12, 1934 (48 Stat. 943), as extended by the Joint Resolution approved March 1, 1937 (50 Stat. 24), I hereby direct that the duties proclaimed on this date in connection with the trade agreements signed on November 17, 1938 with the United Kingdom and with Canada, and all other duties heretofore proclaimed in connection with trade agreements (other than the trade agreement with Cuba signed on August 24, 1934, and the trade agreement with Nicaragua signed on March 11, 1936) entered into under the authority of the said Act, as originally enacted or as extended, shall be applied on and after the effective date of such duties, or, as the case may be, shall continue to be applied on and from the date of this letter, to articles the growth, produce or manufacture of all foreign countries, except as otherwise hereinafter provided,

whether imported directly or indirectly, so long as such duties remain in effect and this direction is not modified.

Such proclaimed duties shall be applied to articles the growth, produce, or manufacture of Cuba in accordance with the provisions of the trade agreement with Cuba signed on August 24, 1934.

Because I find as a fact that the treatment of American commerce by Germany is discriminatory, I direct that such proclaimed duties shall not be applied to products of Germany.

My letter addressed to you on September 23, 1938[1] with reference to duties heretofore proclaimed in connection with trade agreements signed under the authority of the Act of June 12, 1934 is hereby superseded.

You will please cause this direction to be published in an early issue of the weekly *Treasury Decisions*.

Very sincerely yours,

[SEAL] FRANKLIN D ROOSEVELT

[F. R. Doc. 38-3584; Filed, November 29, 1938; 3:16 p. m.]

Rules, Regulations, Orders

TITLE 27—INTOXICATING LIQUORS

FEDERAL ALCOHOL ADMINISTRATION DIVISION

[Regulations No. 8]

REGULATIONS PRESCRIBING THE CREDIT PERIOD TO BE EXTENDED TO RETAILERS OF ALCOHOLIC BEVERAGES

Pursuant to the provisions of sections 2 (d) and 5 (b) (6) of the Federal Alcohol Administration Act, as amended, the following regulations, relating to the extension of credit to retailers of distilled spirits, wine, and malt beverages, are hereby prescribed and promulgated:

SEC. 1. Pursuant to clause 6, subsection (b), section 5, Federal Alcohol Administration Act, the credit period usual and customary to the industry is hereby ascertained to be thirty days from date of delivery in the case of all sales of distilled spirits, wine, and malt beverages.

SEC. 2. The extension of credit to a retailer, by any person engaged in business as a distiller, brewer, rectifier, blender, or other producer, or as an importer or wholesaler, of distilled spirits, wine, or malt beverages, or as a bottler, or warehouseman and bottler, of distilled spirits, for a period of time in excess of thirty days from date of delivery, is prohibited when the extension of such credit induces any retailer engaged in the sale of distilled spirits, wine, or malt beverages to purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale by other persons in interstate or foreign commerce, if such inducement is made in the course of interstate or foreign commerce, or if such person engages in the practice of using such means to such an extent as to substantially restrict or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such inducement is to prevent, deter, hinder or restrict other persons from selling or offering for sale any such products to such retailer in interstate or foreign commerce.

SEC. 3. For the purpose of these regulations, the period of credit shall be calculated as the time elapsing between the date of delivery of the merchandise and the date of full legal discharge of the retailer, through the payment of cash or its equivalent, from all indebtedness arising from the transaction.

SEC. 4. These regulations, in so far as they affect future sales transactions, shall take effect three months after the date of filing with the Division of the Federal Register, and in so far as they relate to the extension of credit upon deliveries of distilled spirits, wine, and malt beverages heretofore consummated, shall take effect twelve months after the date of filing with the Division of the Federal Register. Any accounts covered by these regulations and based upon transactions completed prior to the date of filing these regulations with the Division of the Federal Register, the liquidation of which has not been completed within one year thereafter, may be further liquidated under such terms as in the opinion of the Administrator would not conflict with the requirements of the Act.

[SEAL] W. S. ALEXANDER, *Administrator.*

Approved, this 29th day of November 1938.

[SEAL] JOHN W. HANES, *Acting Secretary of the Treasury.*

[F. R. Doc. 38-3588; Filed, November 30, 1938; 11:56 a. m.]

Notices

SECURITIES AND EXCHANGE COMMISSION.

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission, held at its offices in the City of Washington, D. C., on the 22nd day of November, A. D. 1938.

[File No. 1-2964]

IN THE MATTER OF THE REGISTRATION OF TRANSAMERICA CORPORATION CAPITAL STOCK, $2 PAR VALUE

ORDER FOR HEARING AND DESIGNATING OFFICER TO TAKE TESTIMONY

It appearing to the Commission that Transamerica Corporation is the issuer of Capital Stock, $2 par value, and that said Transamerica Corporation registered 11,590,784 shares of such stock on the New York Stock Exchange, the Los Angeles Stock Exchange, and, by amendment, on the San Francisco Stock Exchange, all national securities exchanges, by filing on or about August 7, 1937, an application on Form 24 signed for the Corporation by John M. Grant, President, with the said exchanges and with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended, and pursuant to Rule JB1 (now Rule X-12B-1) as amended, promulgated by the Commission thereunder, which application became effective September 10, 1937; and

The Commission having reasonable grounds to believe that Transamerica Corporation has failed to comply with the provisions of Section 12(b) of the Securities Exchange Act of 1934, as amended, the rules, regulations, Form 24 and the Instructions thereto, promulgated by the Commission thereunder, in that the application for registration on Form 24 and the amendments thereto, filed by said Corporation contain false and misleading statements of material facts, including financial statements of said Corporation and its subsidiaries, which do not correctly reflect the true financial condition of the Corporation and its subsidiaries, all as hereinafter more particularly set forth;

The false and misleading statements which the Commission has reasonable grounds to believe exist in the application on Form 24 and the amendments thereto being more particularly as follows:

I. Item 4 (b) and Item 11, Col. G call for certain information with respect to all parents of the registrant. The Instructions to Form 24 define the term "parent" to include a person in control of the registrant and the term "control" is defined to mean "the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise."

The Commission has reasonable grounds to believe that in 1934 general proxies, to remain in full force and effect, unless revoked, for a term of seven years, were delegated to a Committee composed of A. P. Giannini, John M. Grant and L. M. Giannini, that such proxies were voted at the annual meeting of stockholders on March 29, 1934, and were in effect at the date of the application on Form 24, and that at such date these proxies conferred upon A. P. Giannini, John M. Grant and L. M. Giannini the power to direct the management and policies of the registrant. It therefore appears to the Commission that the failure in Item 4 (b) and Item 11, Col. G to disclose the committee composed of A. P. Giannini, John M. Grant and L. M. Giannini as a parent of the registrant constitutes an omission of a material fact.

II. Item 28 and Item 29 call for information with respect to the remuneration paid by the registrant and its subsidiaries

[1] 3 F. R. 2323 DI.

to certain of its officers, directors and employees.

The Commission has reasonable grounds to believe that on January 20, 1930, the sum of $1,400,000 was placed on the books of Bankitaly Company of America (then a subsidiary of Transamerica Corporation) to the credit of A. P. Giannini; that of this $1,400,000 all but $792,000 had been paid to A. P. Giannini, by September, 1931, at which time counsel for the then existing management of Transamerica Corporation advised that further payment would be illegal; that thereafter subsequent to the change in management in 1932, A. P. Giannini withdrew from the balance of $792,000 the following sums:

1932	$134,826.58
1933	132,896.92
1934	100,596.24
1935	251,952.03
1936	65,914.28

It appears to the Commission that the failure to disclose these facts in Items 28 and 29 renders registrant's response to these items materially misleading.

III. With respect to the "Balance Sheet" of Transamerica Corporation as of December 31, 1936—

A. In Schedule VI the figure $1,171,714.56 is set forth as a charge to "Paid-In Surplus" in 1936 under the caption "Charge resulting from cancellations and redistribution of capital stock."

The Commission has reasonable grounds to believe that of this amount $1,124,724.78 represents commissions and other monies paid by Transamerica Corporation to Associated American Distributors, Inc. (at that time a wholly-owned subsidiary of Inter-Continental Corporation which was itself a wholly-owned subsidiary of Transamerica Corporation), in connection with the following activities:

From 1934 to April, 1937, Associated American Distributors, Inc. engaged in the business of soliciting orders to purchase Transamerica Corporation stock on the various stock exchanges on which such stock was listed. It does not appear that in any case Associated American Distributors, Inc. solicited orders for the purchase of capital stock held by Transamerica Corporation. The solicitations were effected by means of contracts entered into by Associated American Distributors, Inc. with independent dealers and through a large number of salesmen employed directly by Associated American Distributors, Inc. Associated American Distributors, Inc. paid commissions to the dealers and to its salesmen for the orders obtained and, to encourage retention of the stock so purchased, additional commissions were paid in proportion to the duration of "placements." To support these activities, Transamerica Corporation paid the following amounts to Associated American Distributors, Inc.: In 1934, $336,857; in 1935, $891,202.17; in 1936, $1,124,724.78. These payments were treated by Associated American Distributors, Inc. as current earnings and were set up on its books as income in the years received.

In the light of the facts set forth above, it appears to the Commission that the commissions and other monies paid to Associated American Distributors, Inc., in the amount of $1,124,724.78 in 1936, represent a current expense properly chargeable to profit and loss and that registrant's treatment of this item as a charge to "Paid-In Surplus" and its failure to reflect this item as a current expense with a consequent reduction in "Earned Surplus" renders the "Balance Sheet" and Schedule VI materially misleading.

IV. With respect to the "Profit and Loss Statement" of Transamerica Corporation—

A. Schedule VI sets forth as charges to "Paid-In Surplus" under the caption "Charge resulting from cancellations and redistribution of capital stock" the figures $495,152.72 in 1934, $891,202.17 in 1935 and $1,171,714.56 in 1936.

The Commission has reasonable grounds to believe that of these figures $336,857 in 1934, $891,202.17 in 1935, and $1,124,724.78 in 1936 represent commissions and other monies paid by Transamerica Corporation to Associated American Distributors, Inc. (then a wholly-owned subsidiary of Inter-Continental Corporation which was itself a wholly-owned subsidiary of Transamerica Corporation) in connection with the activities described above in paragraph III–A. In the light of the facts and for the reasons set forth above in paragraph III–A, it appears to the Commission that registrant's treatment of these items renders the profit and loss statements for 1934, 1935, and 1936 materially misleading.

V. With respect to the "Balance Sheet" of Inter-America Corporation as of December 31, 1936—

A. Under the caption "Reserves—For liability and possible loss under outstanding contract of guaranty", and in Schedule V relating to additions and charges to "Reserves", there is set forth the figure $9,302,381.82. The accompanying Note states that this amount relates to a contract of guaranty given to Bank of America N. T. and S. A. in connection with certain assets of the Bank.

The Commission has reasonable grounds to believe that certain facts having a material bearing on this matter are as follows:

In 1931, in the course of an examination of Bank of America N. T. & S. A., the national bank examiners classified certain assets of the Bank in the face amount of approximately $35,214,000 as losses and doubtful accounts of such unsatisfactory character as to require their elimination from the Bank's balance sheet. Under three contracts dated June 26, 1931, December 31, 1931, and February 13, 1932, Bank of America N. T. & S. A. and Corporation of America (both of which were at that time 99.65% owned by Transamerica Bank Holding Company, itself a wholly-owned subsidiary of Transamerica Corporation), entered into agreements which provided that Bank of America N. T. & S. A. "agrees to sell, transfer and set over and does hereby sell, transfer and set over to the Corporation, and the Corporation agrees to purchase and does hereby purchase from the Bank" all such assets. As consideration for these assets, Corporation of America agreed to pay the face amount of $35,214,000. To secure performance Corporation of America pledged with the Bank the assets purchased together with additional collateral. Corporation of American failed to give effect on its books to the assets acquired by these contracts of purchase and sale or to reflect any direct liability thereunder, but apparently treated the obligation arising under the contracts as a guaranty by setting up a reserve from capital surplus in an amount approximately equal to the aggregate purchase price under the contracts.

In 1933, the three contracts were transferred to Transamerica Bank Holding Company, and Transamerica Bank Holding Company by a resolution of its Board of Directors, dated August 30, 1933, agreed to "assume all of the obligations of Corporation of America under those three certain contracts between said Corporation of America and Bank of America N. T. & S. A." In connection with this transfer, Corporation of America eliminated the reserve set up to cover its obligation under the contracts, then aggregating approximately $34,994,376.57, and a reserve in the same amount appeared on the books of Transamerica Bank Holding Company. At a "Special Stockholders Meeting" on April 20, 1935, the name of Transamerica Bank Holding Company was changed to Inter-America Corporation. From time to time Bank of America N. T. & S. A. reduced the item set up on its books to reflect the obligation of Inter-America Corporation under the three contracts by a write-up of unrelated assets and by various other means as set forth below under paragraphs VII to XI, and XV to XVII, both inclusive.

In the light of the facts set forth, it appears to the Commission that the items "Reserves—For liability and possible loss under outstanding contract of guaranty" together with the accompanying Note, Schedule V, and the "Balance Sheet" are materially misleading:

1. In treating the contracts described and the obligation of Inter-America Corporation thereunder as a guaranty rather than as a purchase and sale which should have been recorded by setting up the assets purchased with a corresponding direct liability for the purchase price and, in view of the character of the assets, a reserve for the losses which would be borne by Inter-America Corporation;

2. In that amount set up as "Reserves" for this obligation does not reflect the

true amount of the liability due nor the possible losses under the contracts;

3. In the use of the term "recoveries" in Schedule V as charges to the "Reserve" originally set up to cover Inter-America's obligation under the three contracts, in that the term "recoveries" fails to indicate and falsifies the true nature of the reduction of Inter-America's obligation by conveying the impression of actual cash recoveries on assets written down, whereas in fact the "recoveries" were accomplished by the write-up by Bank of America N. T. & S. A. of unrelated assets as set forth below in paragraphs VII to XI and XV to XVII, both inclusive.

VI. With respect to the "Balance Sheet" of Transamerica General Corporation as of December 21, 1936—

A. Under the caption "Investments in Securities of Affiliates" and in Schedule II there is set forth the figure $8,982,180.20 as the carrying value of the investment in the capital stock of Banca d'America e d'Italia.

The Commission has reasonable grounds to believe that certain restrictions imposed by the Italian Government upon the transfer of any profits or other funds from Italy to any other country materially affects this investment. It therefore appears to the Commission that it is materially misleading to set forth the figure $8,982,180.20 as the carrying value of the investment in the capital stock of Banca d'America e d'Italia without indicating the effect that the restrictions referred to above may have upon the investment.

VII. With respect to the "Combined Report of Condition" of Bank of America N. T. & S. A., First National Bank in Reno, Bank of America (California) as of December 31, 1936—

A. The item "Loans and discounts" under "Assets" and in Schedule E is stated to be $539,899,100.65. This figure includes, among other things, loans in the amount of $304,674,551.73 on "farm lands" and "other real estate." The Commission has reasonable grounds to believe that the item of $539,899,100.65 includes estimated losses and doubtful accounts aggregating in excess of $8,000,000 and slow accounts in excess of $125,000,000 held by Bank of America N. T. & S. A. Registrant has failed to disclose these losses, doubtful items and slow accounts in the "Report of Condition", either in Schedule E or elsewhere in the registration statement, has failed to provide any reserve for such losses and doubtful accounts, and, in the supplementary data furnished in accordance with paragraph I (5) of the Instructions as to Financial Statements in the Instruction Book for Form 24, has affirmatively stated that there are no losses on loans and discounts not provided for.

B. "United States Government obligations, direct and/or fully guaranteed" and "Other bonds, stocks and securities" are set forth under "Assets" and in Schedule F and Schedule G at $478,019,771.38 and $175,078,108.60, respectively. The Commission has reasonable grounds to believe that these items include United States Government and Municipal securities held by Bank of America N. T. & S. A. which were written up in 1935 and 1936 to the extent of approximately $14,000,000 and which at the date of the "Report of Condition" included an unrealized appreciation of approximately $9,000,000. The registrant has failed to disclose this fact in either Schedule F, Schedule G, the supplementary data furnished in accordance with paragraph I (5) of the Instruction Book for Form 24, or elsewhere in the registration statement.

C. The only provision for a reserve, captioned "Reserve for contingencies", is set at $2,049,928.01. The Commission has reason to believe that $1,971,058.48 of this figure is applicable to Bank of America N. T. & S. A., and that of this $1,971,058.48, approximately $1,460,000 is a reserve for self-insurance. The Commission further has reason to believe that this reserve is misleading because of its inadequacy—

1. In failing to provide for losses and doubtful accounts of Bank of America N. T. & S. A. other than loans on "farm lands" and "other real estate" included in the "Assets" to the extent of approximately $8,000,000;

2. In failing to provide sufficient reserves for the $304,674,551.73 of loans on "farm lands" and "other real estate";

3. In failing to provide for losses on real estate other than bank premises held by Bank of America N. T. & S. A. to the extent of approximately $1,600,000;

4. In failing to provide sufficient depreciation for bank premises, furniture, and fixtures of Bank of America N. T. & S. A.;

5. In failing to provide for losses on bonds and other securities held by Bank of America N. T. & S. A. to the extent of approximately $400,000 and for losses on other asset items to the extent of approximately $300,000.

D. "Undivided profits—net" is set forth at $22,503,612.05. The Commission has reasonable grounds to believe that this figure is false and misleading—

1. In that it includes approximately $9,000,000 of unrealized appreciation resulting from the $14,000,000 write-up in 1935 and 1936 of United States and Municipal securities held by Bank of America N. T. & S. A.;

2. In failing to include a reserve for losses and doubtful accounts, losses on real estate, depreciation of bank premises, furniture and fixtures of Bank of America N. T. & S. A. and losses on securities and other assets in excess of $13,000,000;

3. In that the total of (1) and (2) would wipe out that portion of the "Undivided profits—net" which may be attributed to Bank of America N. T. & S. A. and would require a reduction of the "surplus" account of Bank of America N. T. & S. A.

VIII. With respect to the "Combined Report of Earnings and Dividends" for Bank of America N. T. & S. A., First National Bank In Reno and Bank of America (California)—

A. For the year ended December 31, 1935—

1. The items "Recoveries on bonds, stocks and other securities" and "Profits on securities sold" are stated to total $14,942,992.67. The Commission has reason to believe that this figure includes unrealized appreciation of approximately $7,000,000 resulting from an approximately $8,000,000 write-up in 1935 of United States Government and Municipal securities held by Bank of America N. T. & S. A., and, in addition, includes a substantial amount of unrealized appreciation resulting from the write-up of certain Transamerica Corporation stock held by Bank of America N. T. & S. A. as collateral for written off loans, and that the inclusion of this unrealized appreciation as income is false and misleading;

2. The provision for loss and depreciation on "banking house, furniture and fixtures" is set at $1,055,223.40. The Commission has reason to believe that this figure is inadequate;

3. The deficiencies set forth in (1) and (2) are reflected in the statement of net profits and undivided profits and render these items false and misleading to an amount in excess of $7,000,000. It appears that the dividends paid in 1935 by Bank of America N. T. & S. A. were more than $3,500,000 in excess of its actual current earnings.

B. For the year ended December 31, 1936—

1. The item "Recoveries on bonds, stocks and other securities" is stated to be $6,309,400.26. The Commission has reasonable grounds to believe that this figure includes unrealized appreciation of approximately $2,000,000 resulting from a $6,000,000 write-up in 1936 of United States Government and Municipal securities held by Bank of America, N. T. & S. A., and, in addition, includes a substantial amount of unrealized appreciation resulting from the write-up of certain Transamerica Corporation stock held by Bank of America, N. T. & S. A. as collateral for written off loans, and that the inclusion of this unrealized appreciation as income is false and misleading;

2. The report of Earnings and Dividends further appears misleading in that no provision from earnings has been made for doubtful accounts and uncollectible foreign credits held by Bank of America N. T. & S. A. which the Commission has reasonable grounds to believe aggregated approximately $3,700,000;

3. The provision for losses and depreciation on "banking house, furniture

and fixtures" is set at $1,082,748.86. The Commission has reasonable grounds to believe that this figure is inadequate.

4. The deficiencies set forth in (1), (2) and (3) are reflected in the statement of net profits and undivided profits and render these items false and misleading to an amount in excess of $6,000,000. It appears that the dividends paid in 1936 by Bank of America N. T. & S. A. were more than $1,500,000 in excess of its actual current earnings.

IX. With respect to the "Balance Sheet" of California Lands, Inc., as of December 31, 1936—

A. Schedule VII relating to "Surplus" sets forth as an addition to "Earned Surplus" under the caption "Profit on sale of assets purchased from affiliate" the sum of $297,918.26. The accompanying Note states that this amount represents the excess of realization over the cost to California Lands, Inc. of an undivided one-half interest in certain notes, parts of notes, deficiency judgments, etc., theretofore written off on the books of Bank of America N. T. & S. A. and purchased from the Bank by Inter-America Corporation and from Inter-America Corporation by California Lands, Inc.

The Commission has reason to believe that certain facts having a material bearing on this matter are as follows:

On February 1, 1933, Bank of America N. T. & S. A. sold to Corporation of America (both of which were at this time 99.65% owned by Transamerica Bank Holding Company, itself a wholly-owned subsidiary of Transamerica Corporation), for a consideration of $250,000, all of the Bank's charged off assets, including those to be charged off up to July 1, 1933. This agreement was transferred for the same consideration to Transamerica General Corporation and then to Transamerica Bank Holding Company (both wholly-owned subsidiaries of Transamerica Corporation). On January 2, 1934, Bank of America N. T. & S. A. sold to Transamerica Bank Holding Company for a consideration of $50,000 all of the assets of the Bank charged off from July 1, 1933, to July 1, 1937. At a Special Stockholders Meeting on April 20, 1935, the name of Transamerica Bank Holding Company was changed to Inter-America Corporation.

On October 1, 1936, Inter-America Corporation transferred the charged off assets covered by the two aforementioned agreements to California Lands, Inc. and Capital Company (both wholly-owned subsidiaries of Transamerica General Corporation which corporation was 100% owned by Transamerica Corporation) for an aggregate consideration of $500,000.

On July 14, 1937, California Lands, Inc. and Capital Company transferred these same assets less $1,486,185.67 collected by Inter-America Corporation (for the account of California Lands, Inc. and Capital Company) to Bank of America N. T. & S. A. for a consideration of $6,500,000. Thus, in 1937, Bank of America N. T. & S. A. paid $6,500,000 for a portion of the same assets which the Bank had originally sold in 1933 and 1934 for $300,000.

As part of this same transaction, Transamerica Corporation entered into an agreement guaranteeing the Bank against loss to the extent of $6,500,000 on the charged off assets repurchased.

In the light of the facts set forth above, it appears to the Commission that the figure $297,918.26 set forth in Schedule VII as "Earned Surplus" under the caption "Profit on sale of assets purchased from affiliate", together with the accompanying Note, and the inclusion of this amount in the "Earned surplus—deficit" in the "Balance Sheet" are materially misleading.

X. With respect to the "Balance Sheet" of Capital Company as of December 31, 1936—

A. Schedule VII relating to "Surplus" sets forth as an addition to "Earned Surplus" as "Profit on sale of assets purchased from affiliate" the sum of $297,919.23. The accompanying Note states that this amount represents the excess of realization over the cost to Capital Company of an undivided one-half interest in certain notes, parts of notes, deficiency judgments, etc., theretofore written off on the books of Bank of America N. T. & S. A. and purchased from the Bank by Inter-America Corporation and from Inter-America Corporation by Capital Company.

In the light of the facts set forth above under paragraph IX–A, it appears to the Commission that the figure $297,919.23 set forth in Schedule VII as "Profit on sale of assets purchased from affiliate" together with the accompanying Note, and the inclusion of this amount as "Earned Surplus" in the "Balance Sheet" are materially misleading.

It appearing to the Commission that pursuant to Section 13 (a) and (b) of the Securities Exchange Act of 1934, as amended, and Rules KA1 and KA2 (now Rules X–13A–1 and X–13A–2) promulgated by the Commission thereunder, Transamerica Corporation filed on or about June 27, 1938, its annual report on Form 24–K for the fiscal year ended December 31, 1937, signed for the Corporation by John M. Grant, President; and

The Commission having reasonable grounds to believe that said Transamerica Corporation has failed to comply with the provisions of Section 13 (a) and (b) of the Securities Exchange Act of 1934, as amended, the rules, regulations, Form 24–K and the Instructions thereto, promulgated by the Commission thereunder, in that the annual report on Form 24–K filed by said Transamerica Corporation contains false and misleading statements of material facts including financial statements of said Transamerica Corporation and its subsidiaries, which do not correctly reflect the true financial condition of the Corporation and its subsidiaries, all as hereinafter more particularly set forth;

The false and misleading statements which the Commission has reasonable grounds to believe exist in the annual report referred to above being more particularly as follows:

XI. With respect to the "Balance Sheet" of Transamerica Corporation as of December 31, 1937—

A. Note B referring to the items captioned "Marketable Securities" and "Investments in Securities of Affiliates" states that securities having a market value of $1,338,835 and investments in securities of affiliates having a carrying value of $5,636,576.32 were pledged as security "(1) in connection with a contract of guarantee and (2) on an option to purchase certain securities." Note I referring to "Contingent Liabilities" states that "At December 31, 1937, the Corporation was reported as being contingently liable [sic] under certain conditions of contract in the amount of $5,838,123.74."

1. The Commission has reasonable grounds to believe that certain additional facts having a material bearing on the "contract of guarantee" referred to in Note B are as follows:

In connection with the transactions described above under paragraph IX–A, in which a portion of the charged off assets of Bank of America N. T. & S. A., originally sold by the Bank in 1933 and 1934 for an aggregate consideration of $300,000, were repurchased by the Bank on July 14, 1937, from California Lands, Inc. and Capital Company for a consideration of $6,500,000, Transamerica Corporation entered into an agreement guaranteeing the Bank against loss to the extent of $6,500,000 on the assets repurchased. The reference in Notes B and I to a "contract of guarantee" apparently refers to this agreement.

In the light of the facts set forth above in this paragraph and in paragraph IX–A, and in the light of the apparent disparity between the actual value of the assets repurchased by the Bank and the amount of recovery guaranteed by Transamerica Corporation, it appears to the Commission that Notes B and I and the "Balance Sheet" are grossly inadequate to reflect the nature of Transamerica's obligation under the contract of guarantee.

2. The Commission has reasonable grounds to believe that certain additional facts having a material bearing on the "option to purchase certain securities" referred to in Note B are as follows:

In July, 1937, Bank of America N. T. & S. A. purchased from Transamerica Corporation 56,600 shares of stock of National City Bank at the then market price of $48 per share. It appears that

the stock purchased was set up on the books of Bank of America N. T. & S. A. at $2,716,800, the purchase price, and that payment was made by crediting $2,716,800 to Inter-America Corporation to reduce by that amount the balance of the $35,214,000 obligation originally undertaken by Inter-America Corporation under the circumstances set forth in paragraph V–A. As part of the contract of purchase and sale of National City Bank stock, Transamerica Corporation agreed to repurchase the stock at $48 per share over a period of 5 years at the rate of 11,320 shares each year, and pledged an additional block of 18,400 shares to secure this agreement. It further appears that on December 31, 1937, the market value of National City Bank stock was approximately $27 per share. The reference in Note B to "an option to purchase certain securities" apparently relates to this transaction.

It appears to the Commission that the foregoing transaction was a device employed in an attempt to reduce or eliminate the balance of the obligation originally undertaken by Inter-America Corporation, and that the designation and treatment of this transaction as an "option" and the failure to disclose the additional information set forth above and the circumstances surrounding this transaction render Notes B and I and the "Balance Sheet" materially misleading.

B. In Schedule VIII the figure $444,000 is set forth as a charge to "Paid-In Surplus" in 1937 under the caption "Contribution to Associated American Distributors (Incorporated) in connection with redistribution of capital stock."

The Commission has reasonable grounds to believe that this amount represents commissions and other monies paid by Transamerica Corporation to Associated American Distributors, Inc., (then a wholly-owned subsidiary of Inter-Continental Corporation which was a wholly owned subsidiary of Transamerica General Corporation, itself a wholly-owned subsidiary of Transamerica Corporation), in connection with the activities described above in paragraph III–A.

In the light of the facts and for the reasons set forth above in paragraph III–A, it appears to the Commission that registrant's treatment of this item renders the "Balance Sheet" and Schedule VIII materially misleading.

XII. With respect to the "Profit and Loss Statement" of Transamerica Corporation—

A. In Schedule VIII the figure $444,000 is set forth as a charge to "Paid-In Surplus" in 1937 under the caption "Contribution to Associated American Distributors (Incorporated) in connection with redistribution of capital stock."

The Commission has reasonable grounds to believe that this amount represents commissions and other monies paid by Transamerica Corporation to Associated American Distributors, Inc. (then a wholly-owned subsidiary of Inter-Continental Corporation which was a wholly-owned subsidiary of Transamerica General Corporation, itself a wholly-owned subsidiary of Transamerica Corporation), in connection with the activities described above in paragraph III–A.

In the light of the facts and for the reasons set forth in paragraph III–A, it appears to the Commission that registrant's treatment of this item renders the "Profit and Loss Statement" and Schedule VIII materially misleading.

XIII. With respect to the "Balance Sheet" of Inter-America Corporation as of June 30, 1937—

A. Under the caption "Reserves—For liability and possible loss under outstanding contract of guaranty", and in Schedule VI relating to additions and charges to "Reserves", there is set forth the figure $8,561,099.82.

In the light of the facts set forth above under paragraph V–A, it appears to the Commission that the items "Reserves—For liability and possible loss under outstanding contract of guaranty", Schedule VI, and the "Balance Sheet" are materially misleading:

1. In treating the contracts described in paragraph V–A and the obligation of Inter-America Corporation thereunder as a guaranty rather than as a purchase and sale which should have been recorded by setting up the assets purchased with a corresponding direct liability for the purchase price, and, in view of the character of the assets, a reserve for the losses which would be borne by Inter-America Corporation;

2. In that the amount set up as "Reserves" for this obligation does not reflect the true amount of the liability due nor the possible losses under the contracts;

3. In the use of the term "recoveries" in Schedule VI as charges to the "Reserves" originally set up to cover Inter-America's obligation under the three contracts, in that such term fails to indicate the true nature of the reduction of Inter-America's obligation.

XIV. With respect to the "Balance Sheet" of Transamerica General Corporation as of December 31, 1937—

A. Under the caption "Investments in Securities of Affiliates—Banks" there is set forth the figure $9,374,148.06. In Schedule II it is stated that the investment in the capital stock of Banca d'America e d'Italia is carried on the balance sheet at the amount of $8,982,321.85.

In the light of the facts set forth above under paragraph VI–A, it appears to the Commission that it is materially misleading to set forth the figure $8,982,321.85 as the carrying value of the investment in the capital stock of Banca d'America e d'Italia without indicating the effect that the restrictions referred to in paragraph VI–A may have upon this investment.

XV. With respect to the "Balance Sheet" of California Lands, Inc., as of December 31, 1937—

A. Schedule IX relating to "Surplus" sets forth as an addition to "Earned Surplus" under the caption "Profit on sale of assets purchased from affiliate" the sum of $3,595,120.54. The accompanying Note states that of this amount $345,120.54 represents the excess of realization over the cost to California Lands, Inc. of an undivided one-half interest in certain notes, parts of notes, deficiency judgments, etc., theretofore written off on the books of Bank of America N. T. & S. A. and purchased from the Bank by Inter-America Corporation and from Inter-America Corporation by California Lands, Inc., and that the remaining $3,250,000 represents the share of California Lands, Inc. in $6,500,000, which on July 14, 1937, Bank of America N. T. & S. A. agreed to pay to California Lands, Inc. and Capital Company for the right to future recoveries on these same assets. The Note further states that in connection with this purchase Transamerica Corporation entered into an agreement whereby it guaranteed that the Bank would recover the amount of $6,500,000 at an annual rate of $1,300,000.

In the light of the facts set forth above under paragraph IX–A, it appears to the Commission that the figure $3,595,120.54 set forth in Schedule IX as "Earned Surplus" under the caption "Profit on sale of assets purchased from affiliate" together with the accompanying Note, and the inclusion of this amount as "Earned Surplus" in the "Balance Sheet" are materially misleading.

XVI. With respect to the "Balance Sheet" of Capital Company as of December 31, 1937—

A. Schedule IX to "Surplus" sets forth as an addition to "Earned Surplus" under the caption "Profit on sale of assets purchased from affiliate" the sum of $3,595,119.56. The accompanying Note states that of this amount $345,119.56 represents the excess of realization over the cost to Capital Company of an undivided one-half interest in certain notes, parts of notes, deficiency judgments, etc., therefore written off on the books of Bank of America N. T. & S. A. and purchased from the Bank by Inter-America Corporation and from Inter-America Corporation by Capital Company, and that the remaining $3,250,000 represents the share of Capital Company in $6,500,000 which on July 14, 1937, Bank of America N. T. & S. A. agreed to pay to California Lands, Inc. and Capital Company for the right to future recoveries on these same assets. The Note further states that in connection with this purchase Transamerica Corporation entered into an agreement whereby it guaranteed that the Bank would recover the amount

of $6,500,000 at an annual rate of $1,300,000.

In the light of the facts set forth above under paragraph IX–A, it appears to the Commission that the figure $3,595,119.56 set forth in Schedule IX as "Earned Surplus" under the caption "Profit on sale of assets purchased from affiliate" together with the accompanying Note, and the inclusion of this amount as "Earned Surplus" in the "Balance Sheet" are materially misleading.

The Commission having reasonable grounds to believe that Transamerica Corporation has failed to comply with the provisions of Section 12 (b) and Section 13 (a) and (b) of the Securities Exchange Act of 1934, as amended, the rules, regulations, Form 24, Form 24–K, and the Instructions thereto, promulgated by the Commission thereunder, in that the application for registration on Form 24, the annual report on Form 24–K and the amendments thereto, filed by said Transamerica Corporation contain financial statements of Transamerica Corporation and its subsidiaries, which do not correctly reflect the true financial condition of Transamerica Corporation and its subsidiaries, as hereinafter more particularly set forth:

XVII. It appears to the Commission that the general policy of Transamerica Corporation and its subsidiaries with respect to the manner of creation and treatment of certain "reserves", and the adequacy thereof, is improper in the following respects:

A. In the elimination of "reserves" on the books of certain companies and the creation of fictitious "reserves" in similar or substantially similar amounts on the books of other companies in the Transamerica group for the purpose of utilizing such "reserves" to absorb losses with consequent distortion of the true financial condition of the separate corporate entities and of the entire group as a whole: in particular, with respect to the "reserves" set up on the "Balance Sheets" of Transamerica General Corporation as of December 31, 1936, and December 31, 1937, "for real estate losses and contingencies of controlled affiliates" in the amounts of $6,861,814.19 in 1936 and $1,700,050.22 in 1937, and $5,034,583.95 in 1936 and $1,168,002.25 in 1937, for Capital Company and California Lands, Inc., respectively;

B. In that the amount of the reserves provided on the books of the various companies in the Transamerica group is materially inadequate; in particular, the "Combined Report of Condition" of Bank of America N. T. & S. A., First National Bank in Reno, and Bank of America (California) as of December 31, 1936, shows "Loans and discounts" in the amount of $539,899,100.65 which includes, among other things, loans in the amount of $304,674,551.73 on "farm lands" and "other real estate." The only reserve in this "Combined Report of Condition" is designated as "Reserve for contingencies" and is set forth at $2,049,928.01, of which approximately $1,460,000 is a reserve for self-insurance, leaving a balance of $589,928.01. In its "Balance Sheet" as of December 31, 1936, Capital Company carried "Real Estate Held for Resale," at $51,379,652.11, which amount represented "Land, Buildings and Improvements", and as of the same date, California Lands, Inc. carried "Real Estate and Equipment Held for Resale" at $31,357,098.76, which amount included "Land, Buildings and Improvements" at $31,335,825.76, with no reserve on the books of either company applicable to such assets. As of the same date, Occidental Life Insurance Company (a wholly owned subsidiary of Transamerica General Corporation, itself a wholly owned subsidiary of Transamerica Corporation) showed on its books "mortgage loans on real estate" and "balance due on property sold under contract" in the amounts of $8,175,516.57 and $3,856,986.03, respectively, with no reserves applicable thereto. These various items of loans, discounts, and investments in real estate aggregate $634,668,354.12, against which there is an aggregate reserve of but $589,928.01.

In that because of the nature of the "reserves" referred to above under A, it was improper to charge losses and expenses against such "reserves";

D. In the treatment of losses and expenses which were not present at the date of a readjustment of accounts but resulted from events occurring subsequent thereto as charges to certain reserves created at the time of such readjustment.

XVIII. It further appears to the Commission that registrant, in its application for registration on Form 24 and in its annual report for 1937 on Form 24–K, has failed to file financial statements for itself and its subsidiaries certified in accordance with the requirements of paragraph II of the Instructions as to Financial Statements in the Instruction Books for Form 24 and Form 24–K, respectively.

It being the opinion of the Commission that the hearing herein ordered to be made is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Securities Exchange Act of 1934, as amended;

It is ordered, Pursuant to Section 19 (a) (2) of said Act, that a public hearing be held to determine whether Transamerica Corporation has failed to comply with Section 12 (b) and Section 13 (a) and (b) of the Securities Exchange Act of 1934, as amended, the rules, regulations and forms promulgated by the Commission thereunder, in the respects set forth above; and if so, whether it is necessary or appropriate for the protection of investors to suspend for a period not exceeding twelve months or to withdraw the registration of said Corporation's Capital Stock, $2 par value, on said New York Stock Exchange, Los Angeles Stock Exchange and San Francisco Stock Exchange;

It is further ordered, Pursuant to the provisions of Section 21 (b) of the Securities Exchange Act of 1934, as amended, that for the purposes of such hearing, Henry Fitts, an officer of the Commission, is hereby designated to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law;

It is further ordered, That the taking of testimony in this hearing begin on the 16th day of January, 1939, at 10:00 A. M. in Room 1101, Securities and Exchange Commission Building, 1778 Pennsylvania Avenue, N. W., Washington, D. C. and continue thereafter at such time and place as the officer hereinbefore designated may determine.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 38–3586; Filed, November 29, 1938; 3:41 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 26th day of November, A. D. 1938.

[File No. 32–112]

IN THE MATTER OF UNION ELECTRIC COMPANY OF MISSOURI

ORDER

Union Electric Company of Missouri, a subsidiary of North American Edison Company and of The North American Company, both registered holding companies, having filed an application and declaration pursuant to Sections 6 (b) and 7 of the Public Utility Holding Company Act of 1935 regarding the issue and sale of 130,000 shares of its $5 preferred stock, interim receipts for such stock and $13,000,000 aggregate principal amount of its promissory notes to evidence a short-term bank loan;

A public hearing having been held on said application and declaration after appropriate notice,[1] and the Commission having considered the record in this matter and having made and filed its findings herein:

It is ordered, That the issue and sale of interim receipts for such preferred stock be and the same hereby are exempted from the provisions of Section 6 (a) of said Act;

It is further ordered, That the declaration with respect to said 130,000 shares of preferred stock and said $13,000,000 aggregate principal amount of promissory notes be and become effective forthwith;

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[1] 3 F. R. 2602 DI.

It is further ordered, That this order be subject to the following terms and conditions:

(1) That all matters in connection with said declaration, as amended, shall be performed in all respects as set forth in, and for the purposes represented by, said declaration, as amended; and

(2) That in the event the Missouri Public Service Commission shall revoke, rescind, amend, or otherwise alter the effectiveness of its order approving the securities, then the exemption granted herein shall immediately terminate, without further notice or order; and

(3) That within ten days after the issuance of the notes referred to herein, within ten days after the issue and sale of the interim receipts, and within ten days after the stock certificates are available for delivery declarant shall file with this Commission certificates of notification showing that such issuance of the notes, and issuance and sale of the interim receipts, and delivery of the certificates (when delivered) have been or will be effected in accordance with the terms and conditions of, and for the purposes represented by, the declaration as amended.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 38-3585; Filed, November 29, 1938; 3:41 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 19th day of November 1938.

[File No. 37-30]

IN THE MATTER OF PUBLIC UTILITIES MANAGEMENT CORPORATION

ORDER APPROVING A MUTUAL SERVICE COMPANY PURSUANT TO PARAGRAPHS (B) AND (D) OF SECTION 13 OF THE PUBLIC UTILITY HOLDING COMPANY ACT, 1935

Approval, based upon the findings of fact and conclusions of law made in this matter, is granted Applicant as a mutual service company subject to the following conditions that:

(1) In the event of a contemplated substantial change in its organization, the type and character of the companies to be serviced, the scope of services to be rendered or the method of allocating costs to associate companies. Applicant shall first obtain the approval of this Commission of such change.

(2) If the application of Applicant's cost-allocation method does not result in a fair and equitable allocation of its costs among the associate serviced companies, the Commission will require, after notice and opportunity for hearing, prospective adjustments, and, to the extent that it appears feasible and equitable, retroactive adjustments of such cost allocations.

(3) Applicant shall furnish satisfactory proof at any future time, upon request of the Commission, that the cost of services rendered to its associate companies is reasonably lower than the cost of comparable services furnished by independent persons.

(4) Applicant shall dispose of its investment in the $6 Preferred Stock of Birmingham Gas Company within six months of the date of this order, and shall report to the Commission within ten days of such disposition all pertinent facts as to the basis of such disposition and the accounting therefor.

This order is not to be construed as a ruling that Applicant may not be required to effect any changes in its organization and operation, or any other changes which become necessary for it to conform with the Act, present or future rules, regulations or orders.

It is so ordered.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 38-3591; Filed, November 30, 1938; 12:38 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C. on the 23rd day of November 1938.

IN THE MATTER OF WILLIAM HUGH FOWLER, DOING BUSINESS AS W. H. FOWLER, SUITE 616, CANDLER BUILDING, 220 WEST 42ND STREET, NEW YORK, NEW YORK

ORDER FOR PROCEEDINGS AND NOTICE OF HEARING ON THE QUESTION OF REVOCATION AND/OR SUSPENSION OF REGISTRATION

William Hugh Fowler, doing business as W. H. Fowler, a sole proprietorship, hereinafter called the registrant, having filed with the Commission on September 1, 1936, an application for registration on Form 3-M pursuant to Sections 15 (b), 17 (a) and 23 (a) of the Securities Exchange Act of 1934, as amended; and registration having become effective on October 1, 1936; and

The Commission having reasonable grounds to believe:

(1) That the said registrant is enjoined by a decree of the Supreme Court of the State of New York, entered in Albany County on March 21, 1938, from engaging in or continuing certain conduct and practices in connection with the purchase and sale of securities; and

(2) That the said registrant has willfully violated the provisions of Rule X-15B-2 adopted by the Commission under Sections 15 (b), 17 (a) and 23 (a) of the Securities Exchange Act of 1934, as amended, by reason of said registrant having failed to report by means of a supplemental statement on Form 6-M the fact that he is so enjoined, which fact renders no longer accurate the information furnished under Item 21 of the aforesaid application; and

(3) That it is in the public interest to suspend or revoke registration; and

The Commission being of the opinion that it is necessary and appropriate in the public interest and for the protection of investors that proceedings be instituted for the purposes below provided:

It is ordered, That proceedings be held to determine whether the registration of the said William Hugh Fowler, doing business as W. H. Fowler, should be revoked or suspended pursuant to the provisions of Section 15 (b) of the Securities Exchange Act of 1934, as amended.

It is further ordered, That a hearing for the purpose of taking testimony begin on December 19, 1938, at 10:30 A. M. at the Commission Office, 120 Broadway, New York, New York, and that the said hearing be continued at such other time or place as the Commission or the officer conducting said hearing may determine; that for the purpose of said hearing Adrian C. Humphreys be and he is hereby designated as the officer of the Commission to administer oaths and affirmations, subpena witnesses, and compel their attendance, take evidence, require the production of books, papers, correspondence, memoranda and any and all other records deemed relevant or material to the matters in issue at said hearing, and to perform all other duties in connection therewith as authorized by law.

It is further ordered, That this order and notice be served on William Hugh Fowler, doing business as W. H. Fowler, personally or by registered mail not less than seven (7) days prior to the time of said hearing, or by publication in the FEDERAL REGISTER in the manner prescribed by the Federal Register Act.

Upon the completion of the taking of testimony in this matter, the officer conducting said hearing is directed to conclude said hearing, make his report to the Commission, and transmit same with a record of the hearing to the Commission.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 38-3589; Filed, November 30, 1938; 12:38 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its

office in the City of Washington, D. C. on the 29th day of November 1938.

[File No. 1-1187]

IN THE MATTER OF APPLICATION OF NATIONAL OATS COMPANY TO WITHDRAW ITS COMMON STOCK, NO PAR VALUE, FROM LISTING AND REGISTRATION ON THE ST. LOUIS STOCK EXCHANGE

ORDER SETTING HEARING ON APPLICATION TO WITHDRAW FROM LISTING AND REGISTRATION

The National Oats Company, pursuant to Section 12 (d) of the Securities Exchange Act of 1934, as amended, and Rule X-12D2-1 (b) promulgated thereunder, having made application to the Commission to withdraw its Common Stock, No Par Value, from listing and registration on the St. Louis Stock Exchange; and

The Commission deeming it necessary for the protection of investors that a hearing be held in this matter at which all interested persons be given an opportunity to be heard;

It is ordered, That the matter be set down for hearing at 10 A. M. on Tuesday, December 20, 1938, at the office of the Securities and Exchange Commission, 105 West Adams Street, Chicago, Illinois, and continue thereafter at such times and places as the Commission or its officer herein designated shall determine, and that general notice thereof be given; and

It is further ordered, That Henry Fitts, an officer of the Commission, be and he hereby is designated to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 38-3597; Filed, November 30, 1938; 12:39 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C. on the 29th day of November 1938.

[File No. 1-2081]

IN THE MATTER OF APPLICATION OF THE NEW YORK STOCK EXCHANGE TO STRIKE FROM LISTING AND REGISTRATION THE GENERAL MORTGAGE 4% GOLD BONDS, DUE SEPTEMBER 1, 1938, OF MOBILE AND OHIO RAILROAD COMPANY

ORDER SETTING HEARING ON APPLICATION TO STRIKE FROM LISTING AND REGISTRATION

The New York Stock Exchange, pursuant to Section 12 (d) of the Securities Exchange Act of 1934, as amended, and Rule X-12D2-1 (b) promulgated thereunder, having made application to strike from listing and registration the General Mortgage 4% Gold Bonds, due September 1, 1938, of Mobile and Ohio Railroad Company; and

The Commission deeming it necessary for the protection of investors that a hearing be held in this matter at which all interested persons be given an opportunity to be heard;

It is ordered, That the matter be set down for hearing at 10 A. M. on Wednesday, December 21, 1938, in Room 1101, Securities and Exchange Commission Building, 1778 Pennsylvania Avenue NW., Washington, D. C., and continue thereafter at such times and places as the Commission or its officer herein designated shall determine, and that general notice thereof be given; and

It is further ordered, That Charles S. Moore, an officer of the Commission, be and he hereby is designated to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 38-3598; Filed, November 30, 1938; 12:40 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 29th day of November 1938.

[File No. 7-296]

IN THE MATTER OF MOORE CORPORATION, LIMITED COMMON STOCK, WITHOUT PAR VALUE

ORDER DENYING APPLICATION UNDER SECTION 12 (F) AND 23 (A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND RULE X-12F-2 (B) PROMULGATED THEREUNDER

Continuance of unlisted trading privileges on the New York Curb Exchange in the Common Stock, Without Par Value of Moore Corporation, Limited, having been permitted by action of this Commission on October 1, 1934; and

Said Exchange, pursuant to paragraph (b) of Rule X-12F-2, having applied to this Commission setting forth that there are being effected changes in said security other than those specified in paragraph (a) of said Rule and asking the Commission to determine that said security after said changes is substantially equivalent to the said security heretofore admitted to unlisted trading privileges; and

The Commission having considered the matter;

It is ordered, That the determination sought by said application is not made and the application is hereby denied.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 38-3594; Filed, November 30, 1938; 12:39 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 29th day of November 1938.

[File No. 7-297]

IN THE MATTER OF MOORE CORPORATION, LIMITED 7% CUMULATIVE CONVERTIBLE CLASS "A" PREFERENCE STOCK, PAR VALUE $100

ORDER DENYING APPLICATION UNDER SECTION 12 (F) AND 23 (A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND RULE X-12F-2 (B) PROMULGATED THEREUNDER

Continuance of unlisted trading privileges on the New York Curb Exchange in the 7% Preferred Stock, Class "A", Par Value $100 of Moore Corporation, Limited, having been permitted by action of this Commission on October 1, 1934; and

Said Exchange, pursuant to paragraph (b) of Rule X-12F-2, having applied to this Commission setting forth that there are being effected changes in said security other than those specified in paragraph (a) of said Rule and asking the Commission to determine that said security after said changes is substantially equivalent to the said security heretofore admitted to unlisted trading privileges; and

The Commission having considered the matter;

It is ordered, That the determination sought by said application is not made and the application is hereby denied.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 38-3595; Filed, November 30, 1938; 12:39 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 29th day of November A. D. 1938.

[File No. 31-59]

IN THE MATTER OF STANDARD OIL COMPANY OF CALIFORNIA

ORDER REOPENING HEARING AND NOTICE THEREOF

An application for exemption pursuant to Section 3 (a) (3) (A) of the Public

Utility Holding Company Act of 1935 having been duly filed with this Commission by the above-named party;

A hearing having been held on said application on the 30th day of March, 1936, before Edward C. Johnson, an officer of the Commission, which hearing was closed on said date; and counsel for the Commission having moved that such hearing be reopened for the purpose of taking additional testimony and receiving additional evidence;

It is ordered, That a hearing on such matter be held on December 13, 1938, at 10:00 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue NW., Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held. At such hearing, if in respect of any declaration, cause shall be shown why such declaration shall become effective.

It is further ordered, That Charles S. Moore or any other officer or officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The officer so designated to preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said Act and to a trial examiner under the Commission's Rules of Practice to continue or postpone said hearing from time to time.

Notice of such hearing is hereby given to such applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors or consumers. It is requested that any person desiring to be heard or to be admitted as a party to such proceeding shall file a notice to that effect with the Commission on or before December 8, 1938.

The matter concerned herewith is in regard to the application for exemption as a holding company filed by Standard Oil Company of California pursuant to Section 3 (a) (3) (A) of the Act, wherein it is alleged that the applicant is only incidentally a holding company, being primarily engaged or interested in the production, refining and marketing of petroleum and its products, and that no material part of applicant's income is derived directly or indirectly from any public utility subsidiary thereof.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 38-3593; Filed, November 30, 1938; 12:39 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 30th day of November 1938.

[File No. 7-295]

IN THE MATTER OF GOVERNMENT OF CHILE MORTGAGE BANK OF CHILE, GUARANTEED 5-YEAR 6% AGRICULTURAL NOTES, DUE DECEMBER 31, 1931, "STAMPED" WITH THE FOLLOWING LEGEND "SUBJECT TO THE PROVISIONS OF LAW NO. 5580 OF JANUARY 31, 1935, AS REGULATED BY DECREE NO. 1730 OF MAY 17, 1938 AND DECREE NO. 37 OF JANUARY 4, 1936, OF THE REPUBLIC OF CHILE AND DECREES ISSUED PURSUANT THERETO"

ORDER DENYING APPLICATION UNDER SECTION 12 (F) AND 23 (A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND RULE X-12F-2 (B) PROMULGATED THEREUNDER

Continuance of unlisted trading privileges on the New York Curb Exchange in the 5-Year 6% Agricultural Gold Notes, due December 31, 1931, of Mortgage Bank of Chile and in the same issue stamped with the following legend: "Assented to the form and conditions of service established by Law No. 5580 of January 31, 1935, of the Republic of Chile and Decree No. 37 of January 4, 1936, issued pursuant thereto," having been permitted by action of this Commission; and

Said Exchange, pursuant to paragraph (b) of Rule X-12F-2, having applied to this Commission setting forth that there are being effected changes in said security other than those specified in paragraph (a) of said Rule and asking the Commission to determine that said security after said changes is substantially equivalent to either of said securities heretofore admitted to unlisted trading privileges; and

The Commission having considered the matter;

It is ordered, That the determination sought by said application is not made and the application is hereby denied.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 38-3590; Filed, November 30, 1938; 12:38 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 30th day of November, A. D. 1938.

[File No. 32-121]

IN THE MATTER OF CENTRAL OHIO LIGHT & POWER COMPANY

NOTICE OF AND ORDER FOR HEARING

An application, pursuant to section 6 (b) of the Public Utility Holding Company Act of 1935, having been duly filed with this Commission by the above-named party;

It is ordered, That a hearing on such matter be held on December 15, 1938, at 10:00 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue NW., Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held. At such hearing, if in respect of any declaration, cause shall be shown why such declaration shall become effective.

It is further ordered, That William W. Swift or any other officer or officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The officer so designated to preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said Act and to a trial examiner under the Commission's Rules of Practice to continue or postpone said hearing from time to time.

Notice of such hearing is hereby given to such declarant or applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors or consumers. It is requested that any person desiring to be heard or to be admitted as a party to such proceeding shall file a notice to that effect with the Commission on or before December 10, 1938.

The matter concerned herewith is in regard to an application by Central Ohio Light & Power Company, a subsidiary of Crescent Public Service Company, a registered holding company, for exemption from the provisions of Section 6 (a) of said Act of the issue and sale of its notes as follows:

(1) A series of thirty unsecured promissory notes aggregating $106,852, dated as of the date of delivery of certain equipment, payable monthly, bearing interest at the rate of 6% per annum, each of the notes being in the principal amount of $3,000 except note No. 30 which is in the amount of $19,852;

(2) Eight unsecured promissory notes aggregating $21,071.32, dated as of the date of shipment of certain equipment, payable three, six, nine, twelve, fifteen, eighteen, twenty-one and twenty-four months after date, bearing interest at the rate of 6% per annum, four of which notes are in the principal amount of $2,633.91 and four in the principal amount of $2,633.92.

The thirty notes are to be issued and delivered to Westinghouse Electric & Manufacturing Company and the eight notes are to be issued and delivered to General Electric Company, all of which notes represent a part of the purchase price of certain equipment purchased in connection with the installation of a sec-

ond generating unit in applicant's plant at Bluffton, Ohio.

The proposed issue and sale has been authorized by the Public Utilities Commission of Ohio.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 38-3590; Filed, November 30, 1938; 12:40 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 30th day of November, A. D. 1938.

[File No. 43-164]

IN THE MATTER OF GENERAL PUBLIC UTILITIES, INC.

NOTICE OF AND ORDER FOR HEARING

A declaration pursuant to section 7 of the Public Utility Holding Company Act of 1935, having been duly filed with this Commission by the above-named party;

It is ordered, That a hearing on such matter be held on December 15, 1938, at 11:00 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue, NW., Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held. At such hearing, if in respect of any declaration, cause shall be shown why such declaration shall become effective.

It is further ordered, That Charles S. Moore or any other officer or officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The officer so designated to preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said Act and to a trial examiner under the Commission's Rules of Practice to continue or postpone said hearing from time to time.

Notice of such hearing is hereby given to such declarant or applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors or consumers. It is requested that any person desiring to be heard or to be admitted as a party to such proceeding shall file a notice to that effect with the Commission on or before December 11, 1938.

The matter concerned herewith is in regard to an issue by the declarant, a registered holding company and a subsidiary of the Community Power and Light Company, of the maximum amount of 15,212 shares of its Common Capital Stock without par value for the purpose of paying a stock dividend to such stockholders as may elect to receive stock, in lieu of cash, in connection with proposed dividend by declarant to be payable in cash or stock at the option of the recipient.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 38-3592; Filed, November 30, 1938; 12:38 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 30th day of November, A. D. 1938.

[File No. 55-12]

IN THE MATTER OF ADAMS, NELSON & WILLIAMSON

NOTICE OF AND ORDER FOR HEARING

An application pursuant to section 11 (f) and Rule U-11F-2 of the Public Utility Holding Company Act of 1935, having been duly filed with this Commission by the above-named parties;

It is ordered, That a hearing on such matter be held on December 28, 1938, at 10 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue, NW., Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held. At such hearing, if in respect of any declaration, cause shall be shown why such declaration shall become effective.

It is further ordered, That Richard Townsend or any other officer or officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The officer so designated to preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said Act and to a trial examiner under the Commission's Rules of Practice to continue or postpone said hearing from time to time.

Notice of such hearing is hereby given to such declarant or applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors or consumers. It is requested that any person desiring to be heard or to be admitted as a party to such proceeding shall file a notice to that effect with the Commission on or before December 23, 1938.

The matter concerned herewith is in regard to an application of Adams, Nelson & Williamson, pursuant to Section 11 (f) of the Public Utility Holding Company Act of 1935 and Rule U-11F-2, for approval by the Commission of final compensation in the maximum amount of $45,000 (less an interim allowance of $7,500) for services rendered as attorneys to James L. Houghteling who was appointed as an investigator by the District Court of the United States for the Northern District of Illinois in connection with the reorganization of Utilities Power & Light Corporation, a registered holding company, under Section 77B of the Bankruptcy Act, as amended.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 38-3596; Filed, November 30, 1938; 12:39 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 30th day of November, A. D. 1938.

[File No. 43-169]

IN THE MATTER OF COMMUNITY POWER AND LIGHT COMPANY, SOUTHWESTERN ELECTRIC COMPANY, THE KANSAS UTILITIES COMPANY, MISSOURI UTILITIES COMPANY, TEXAS-NEW MEXICO UTILITIES COMPANY

NOTICE OF AND ORDER FOR HEARING

A declaration and an application pursuant to sections 7 and 10 (a) (1) of the Public Utility Holding Company Act of 1935, having been duly filed with this Commission by the above-named parties;

It is ordered, That a hearing on such matter be held on December 15, 1938, at 2:00 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue, NW., Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held. At such hearing, if in respect of any declaration, cause shall be shown why such declaration shall become effective.

It is further ordered, That Robert P. Reeder or any other officer or officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The officer so designated to preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said Act and to a trial examiner under the Commission's Rules of Practice to continue or postpone said hearing from time to time.

Notice of such hearing is hereby given to such declarant or applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors or consumers. It is requested that any person desiring to be heard or to be admitted as a party to such proceeding shall file a notice to that effect with the Commission on or before December 9, 1938.

The matter concerned herewith is in regard to the issue and sale of notes by Community Power and Light Company in the amount of $1,350,000, Southwestern Electric Company, $1,250,000, The Kansas Utilities Company, $300,000 Missouri

Utilities Company, $300,000, and Texas-New Mexico Utilities Company $800,000, and the acquisition by Community Power and Light Company of the notes to be issued by Southwestern Electric Company and the acquisition by Southwestern Electric Company of the notes to be issued by the other three companies. The notes of Community Power and Light Company are to be sold to Reconstruction Finance Corporation and the proceeds are to be used in part to reimburse Community Power and Light Company for funds expended for construction purposes and in part to supply Southwestern Electric Company with funds to furnish equipment, machinery and facilities to the other three companies.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 38-3600; Filed, November 30, 1938; 12:57 p. m.]